

Internet Initiative Japan (Nasdaq: IIJI)

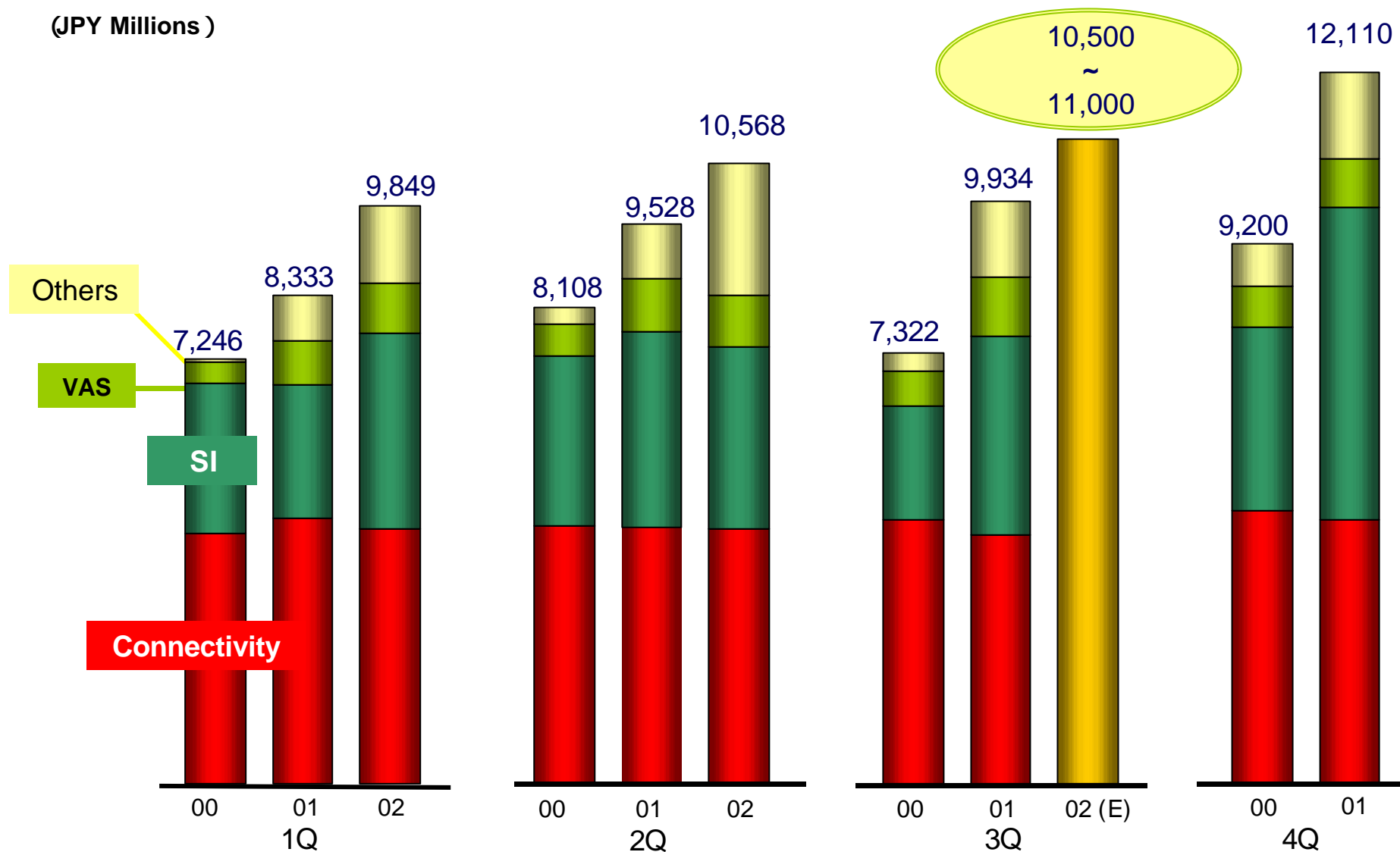
November, 2002

Statements made in this press release that state IIJ's or management's intentions, beliefs, expectations, or predictions for the future are forward-looking statements that are based on IIJ's and managements' current expectations, assumptions, estimates and projections about its business and the industry. These forward-looking statements are subject to various risks, uncertainties and other factors that could cause IIJ's actual results to differ materially from those contained in any forward-looking statement. These risks, uncertainties and other factors include: IIJ's ability to maintain positive operating income, IIJ's net loss for the past five fiscal years and its expectation that net losses will continue, IIJ's ability to continue to increase subscribers to its connectivity services, particularly at higher bandwidths; IIJ's ability to generate significant revenues from its other services such as systems integration; the success of IIJ's investments in Crosswave; the ability to compete in a rapidly evolving and competitive marketplace; the impact of technological changes in its industry; and other risks referred to from time to time in IIJ's filings on Form 20F of its annual report and other filings with the United States Securities and Exchange Commission.

- **Total revenues grew to JPY10.6B (\$86.8M)**
 - The second highest quarterly revenue amount in IIJ history
 - An increase of 7.3% QoQ, an increase of 10.9% YoY
 - Total revenues for the first half FY2002 grew by 14.3%
- **Recovery of profitability on QoQ basis**
 - 11.0% in 2Q02 (9.1% in 1Q02, 14.1% in 2Q01)
 - Operating loss improved by 58.3% to JPY194M
 - EBITDA doubled to JPY662M
- **Expected results for 3Q02 and full fiscal 2002:**
 - Total revenues in 3Q02 to be between JPY10.5B(\$86.2M) and JPY11.0B (\$90.4M)
 - Total revenues for FY2002 to grow by 20% from FY2001
 - Positive operating income for FY2002, although there is uncertainty as to the amount due to the unclear macro-economic situation in Japan

Revenues Growth (QoQ)

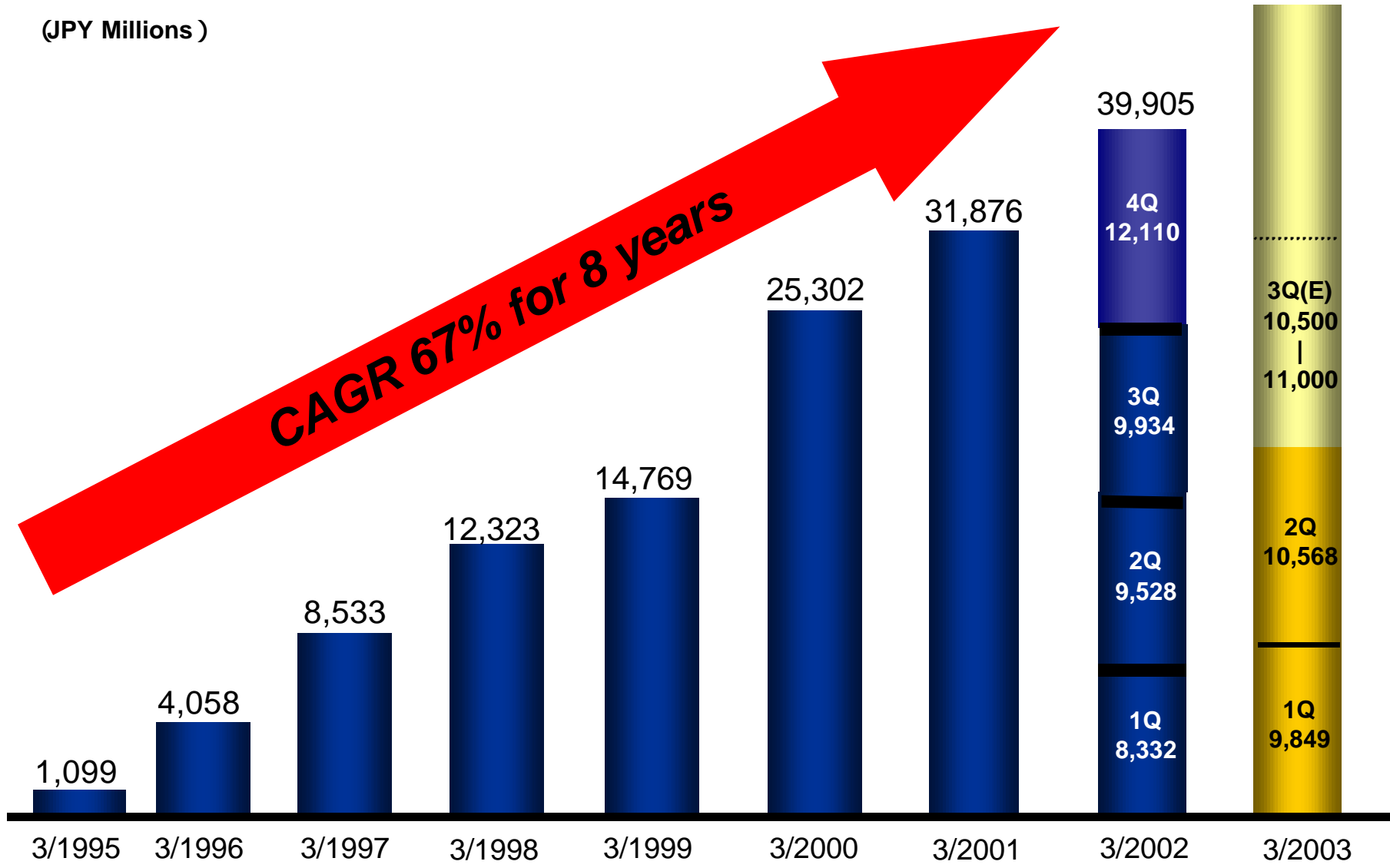
(JPY Millions)

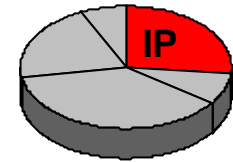


Revenues Growth (Full Fiscal)

20% growth expected

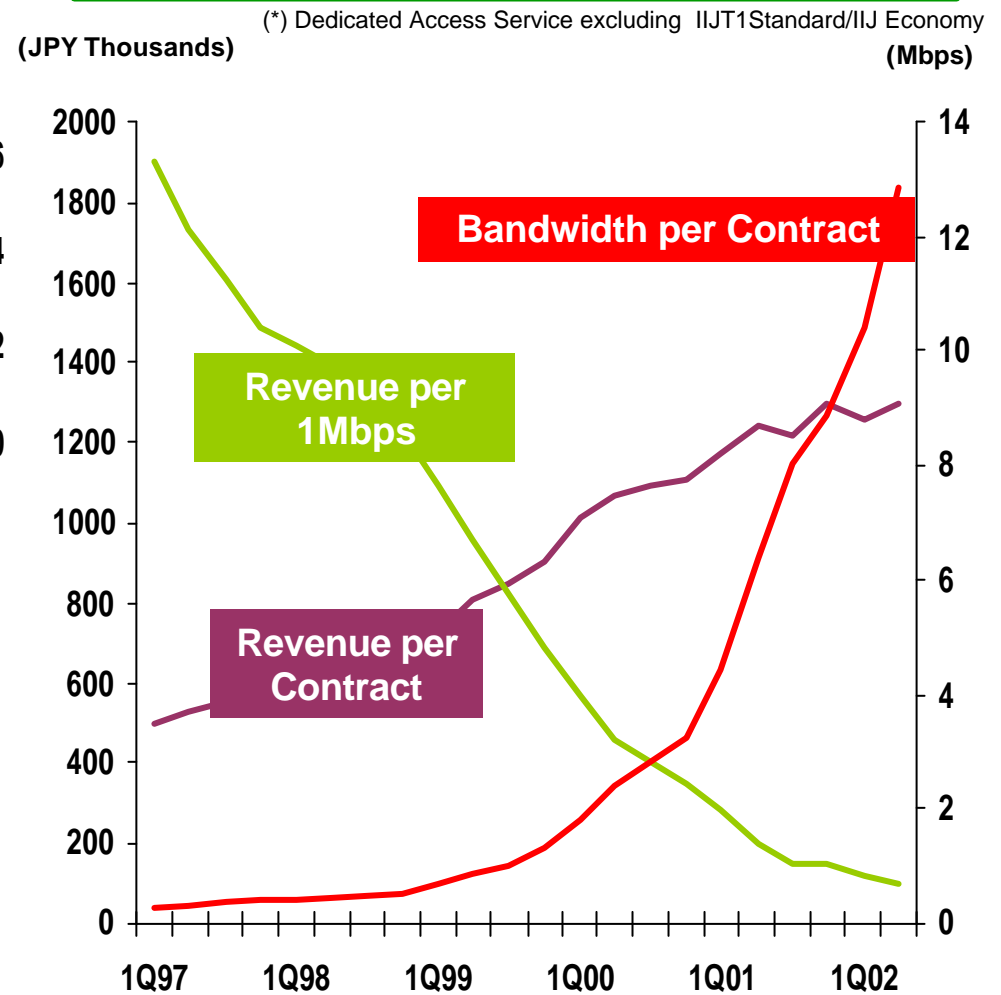
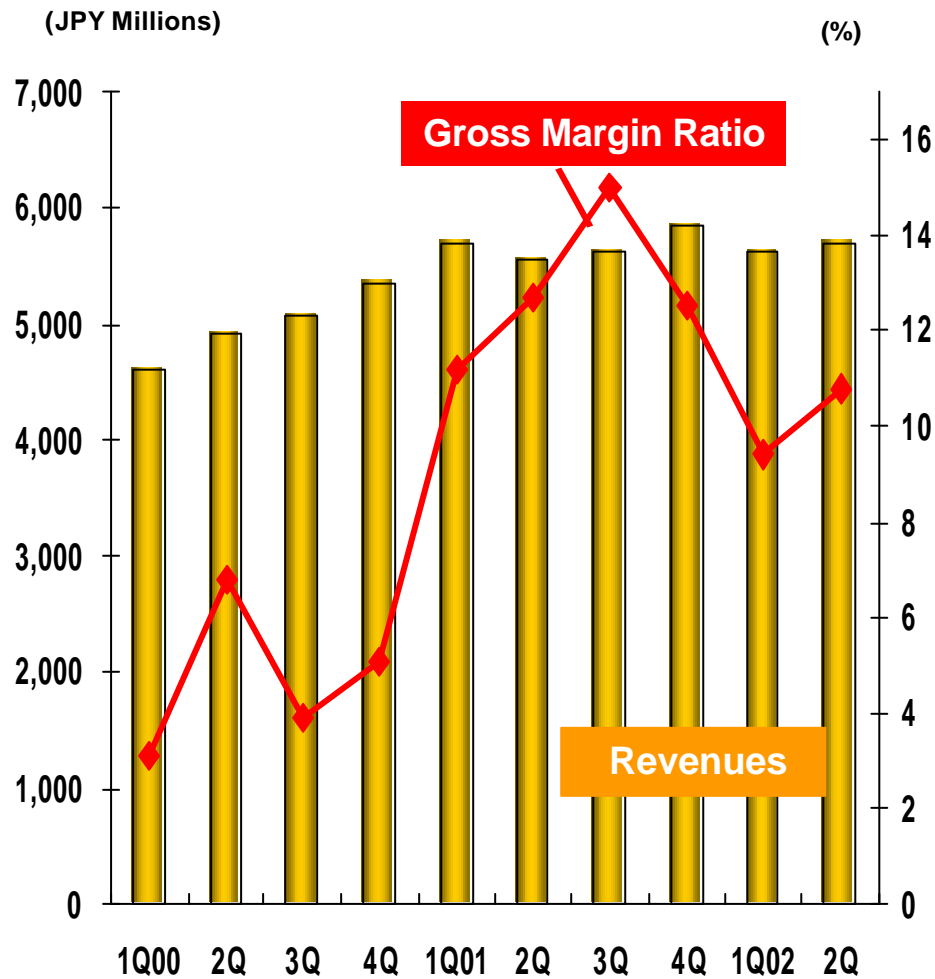
(JPY Millions)

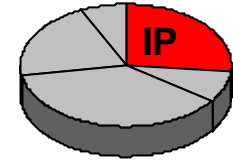




Revenues and Gross Margin

IP Service^(*) ARPU

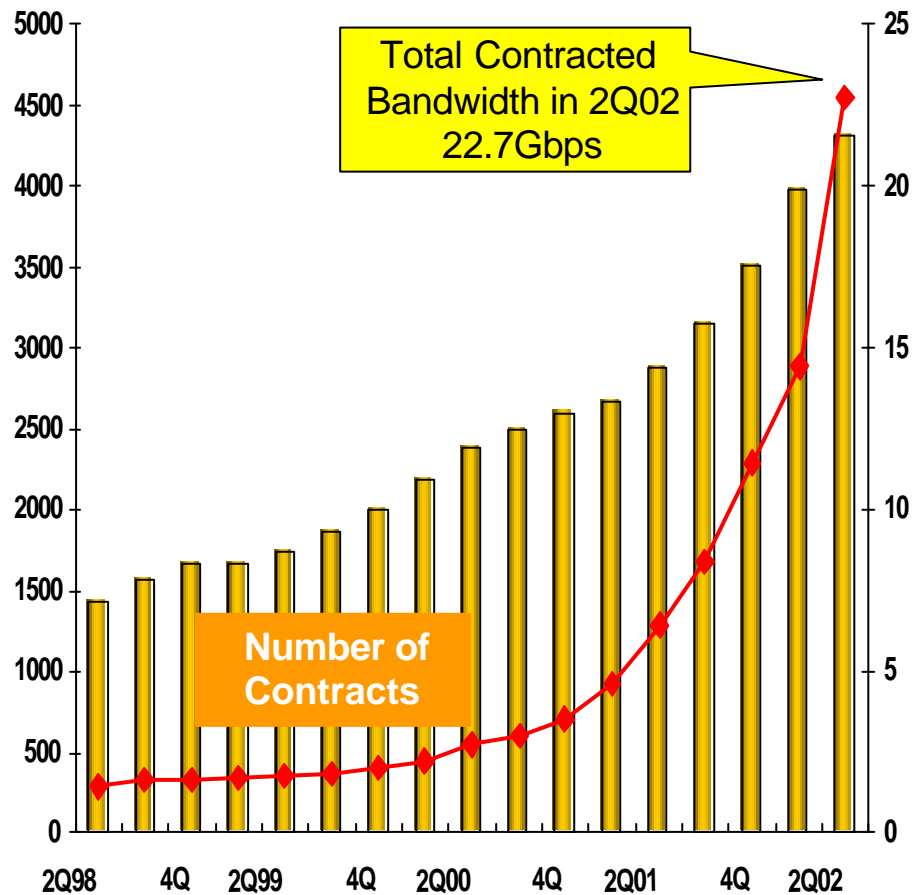




Total Number of Contracts and Bandwidth in Dedicated Access Services

(Number of Contracts)

(Gbps)



- Areas of expected growth for the second half of FY2002:

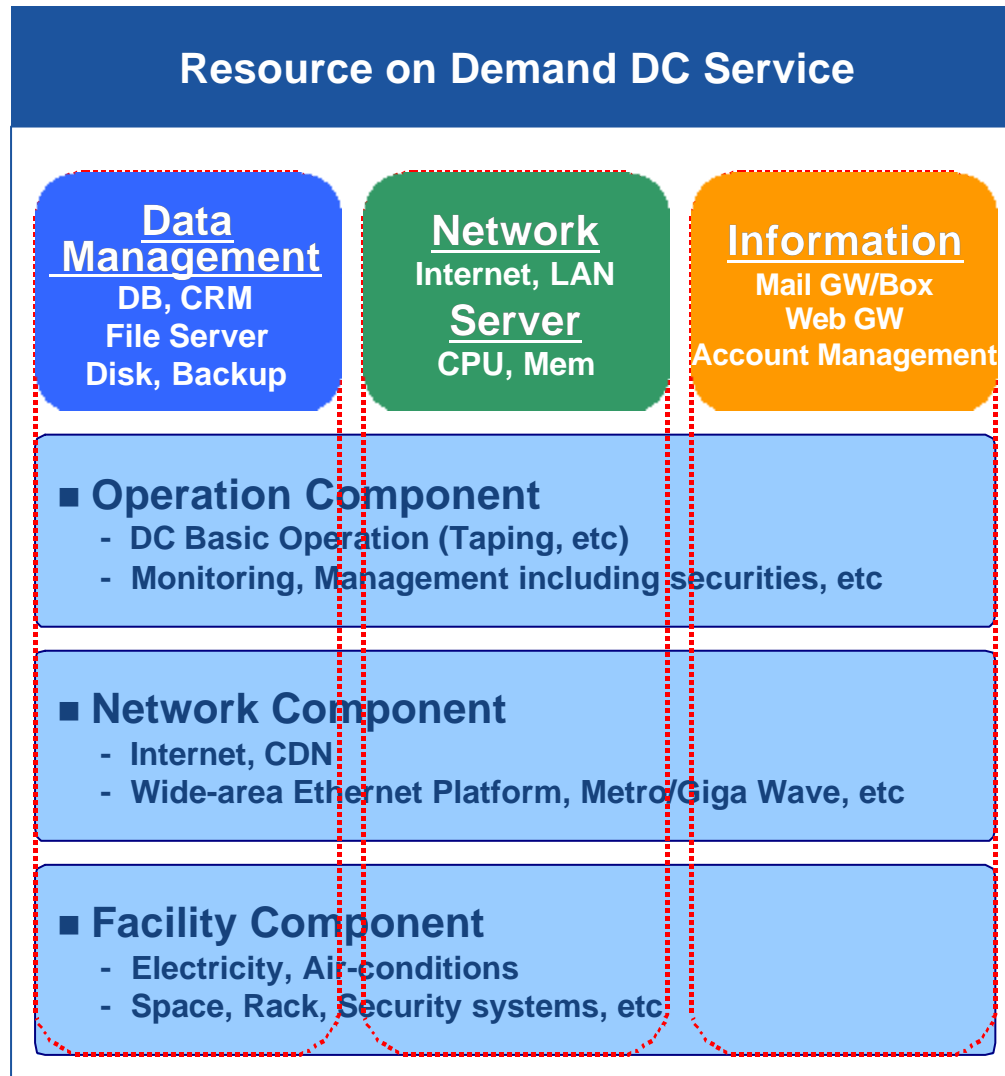
IIJ VPN Standard, which was introduced in November 02

Large ISPs expected to launch their services over IIJ CDN platform

More than 10 CATV companies expected to subscribe to IIJ IP Service

- Expecting new data center service to contribute revenue growth in 4Q02

Resource on Demand DC Service



✓ On demand based DC resources available, as much as needed, whenever needed

✓ Disaster Recovery
- Employed full-fledged seismic isolation structure

IIJ Group New Data Centers

In addition to the current 9 Internet data centers nationwide, IIJ group plans to open two new data centers at Yokohama and Kawaguchi in January/February 2003.

**Yokohama 1
Data Center**

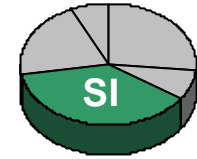


	STEP1 (2003.1)	STEP2	STEP3	Total
Floor Space	19,420m ²	13,000m ²	6,745m ²	39,165m ²
Server Room	4,353m ²	5,717m ²	2,841m ²	12,911m ²
Office Space	662m ² (95)	894m ² (128)	643m ² (92)	2,199m ² (315)

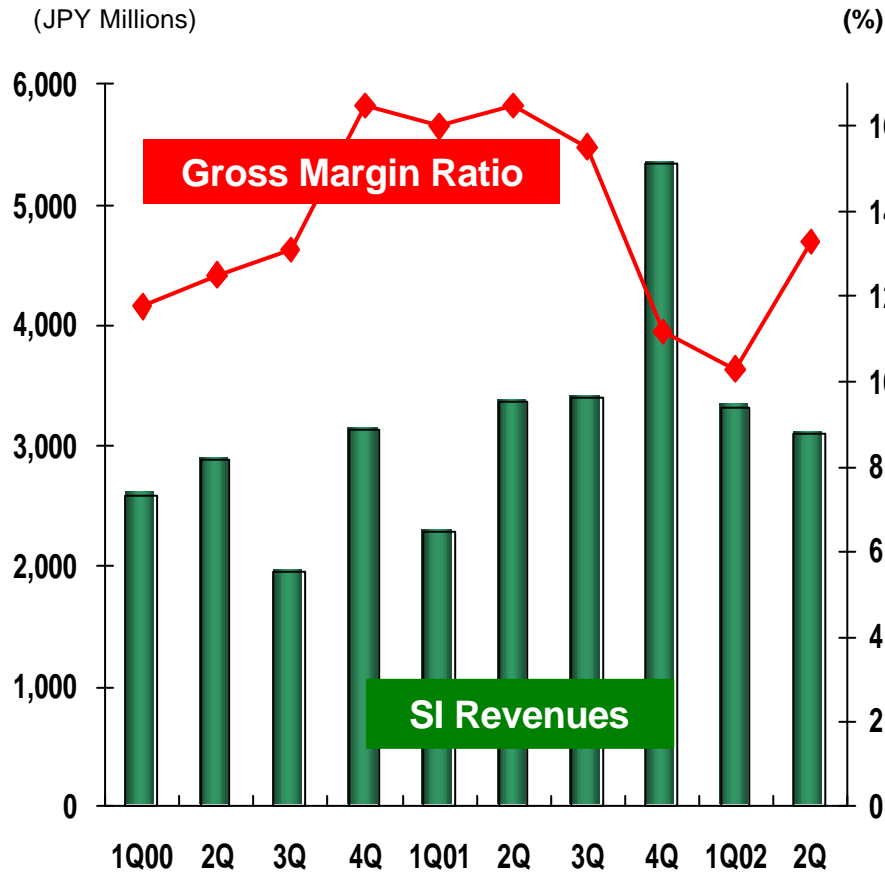
**Saitama 1
Data Center**



	STEP 1 (2003.1)	STEP 2	STEP3	Total
Floor Space	14,143m ²	-	-	14,143m ²
Server Room	2,038m ²	2,058m ²	640m ²	4,736m ²
Office Space	1,045m ² (148)	-	-	1,045m ² (148)



Revenues and Gross Margin



2Q SI Performance:

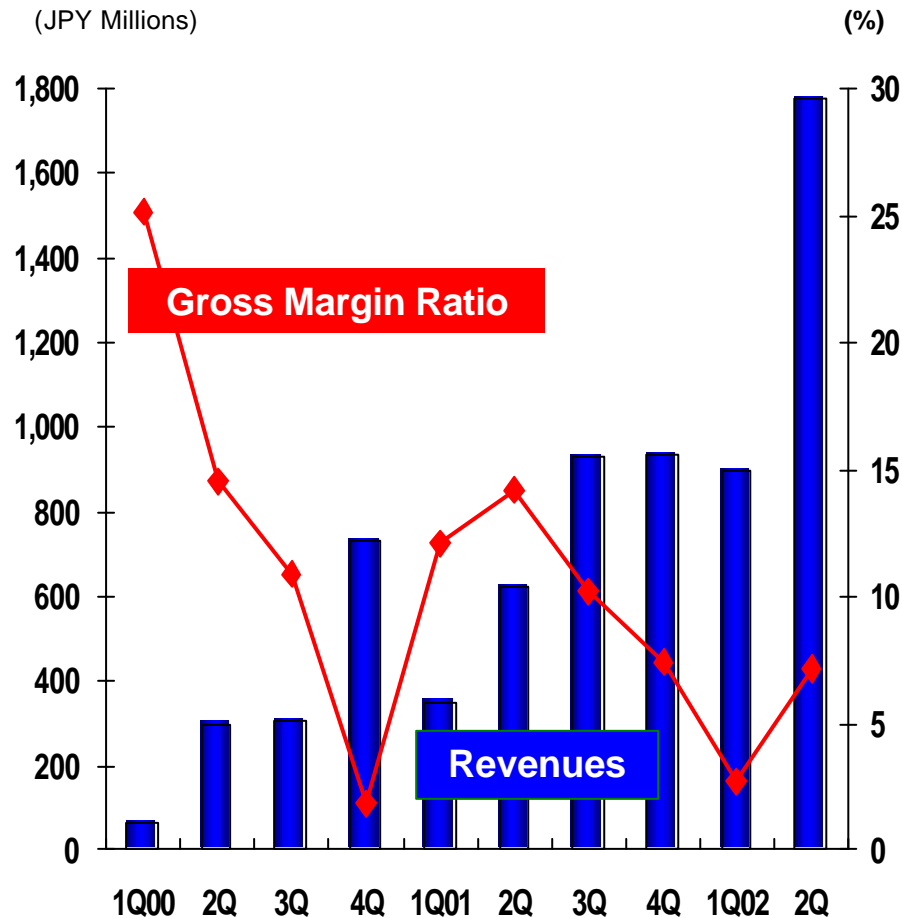
- Recovery of gross margin
- Acquired large scale enterprise network projects
- Acquired large scale email solutions contracts for enterprise and network operators
- Key customers in the first half of FY2002 include DLJ direct SFG, Itochu Techno-Science, Monex, K-Opticom and Toyota Motor

SI Outlook:

- Expecting significant revenue growth in 4Q02

Equipment Sales

Revenues and Gross Margin

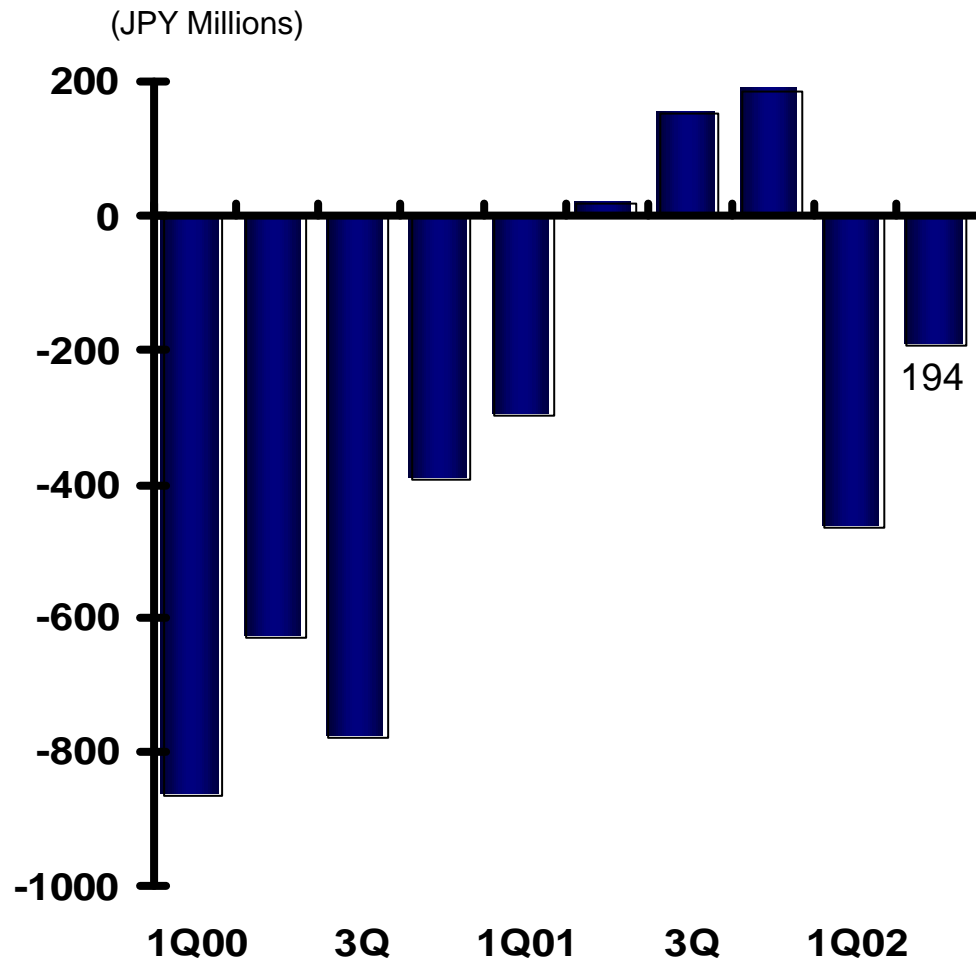


- The significant growth in 2Q02 was attributed to:
 - 1) Additional equipment sales for existing SI customers, and
 - 2) Good performance of IIJ router "SEIL"

- New line-up of SEIL (SEIL/neu ATM) will be provided to NEC on an OEM basis

Operating Profitability (QoQ)

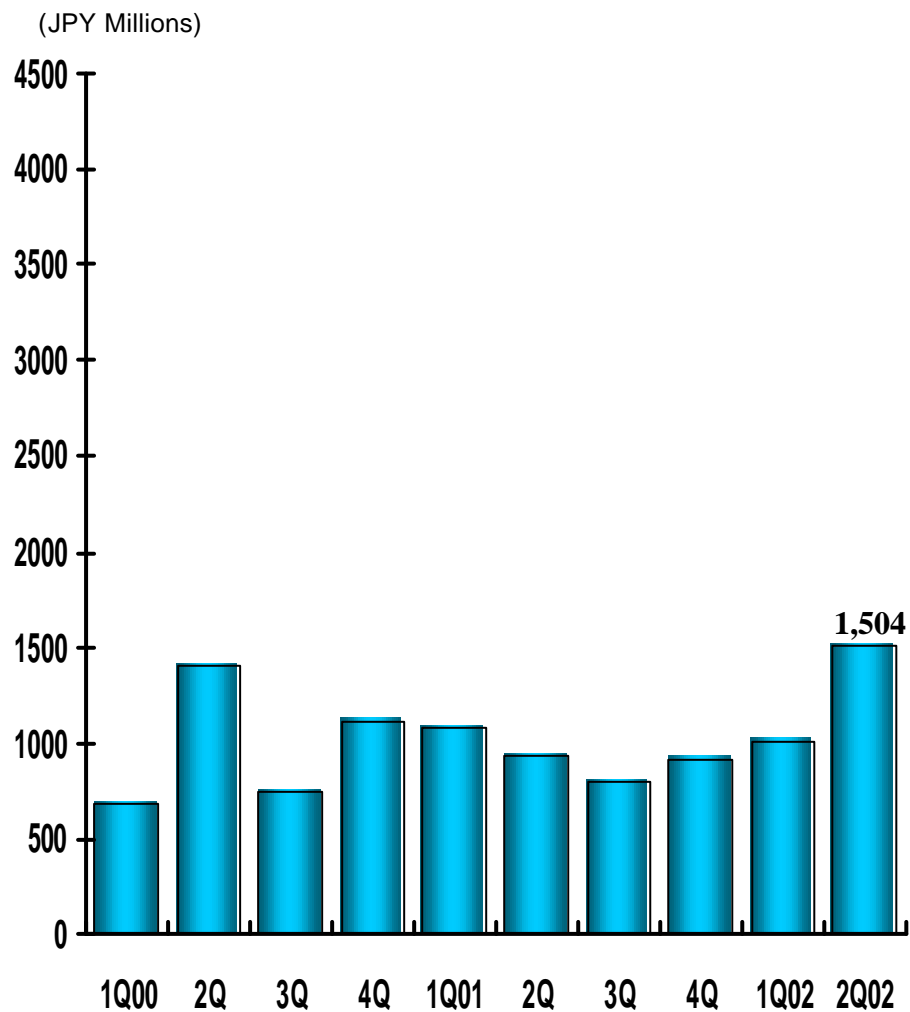
Operating Profitability



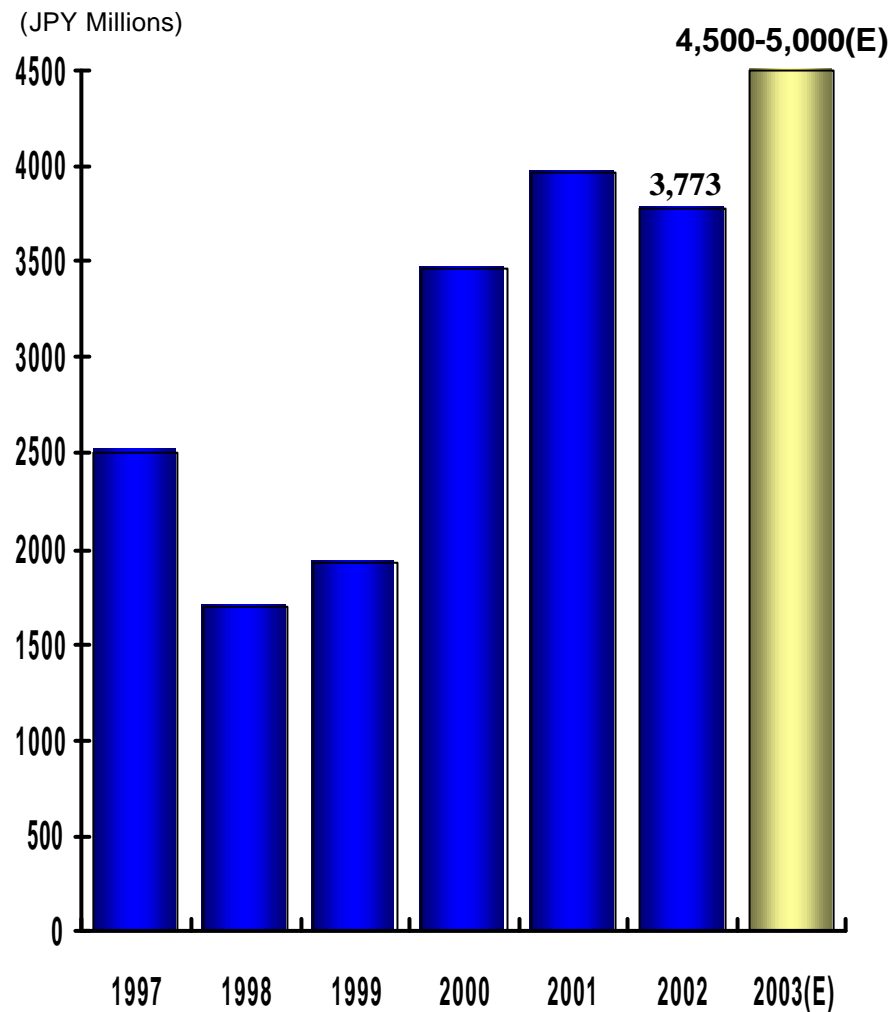
- Operating loss in 2Q02 improved to JPY194M
- Expecting positive operating income for FY2002, although there is uncertainty as to the amount due to the unclear macro-economic situation in Japan

CAPEX Trend

CAPEX (QoQ)



CAPEX (YoY)



Japan's Broadband

Penetration Rate

Internet

21.4% => 44.0%
(1999/12) (2001/12)

Mobile Phone

7,160 terminals
(2002/8)

Mobile Internet

7.5 Million
subscriber (2000/3)

56.3 Million
subscriber (2002/8)

Broadband Households

ADSL

211 => 4.6 Million
(2000/3) (2002/10)

CATV Internet

0.2 Million
(2000/3)

1.8 Million

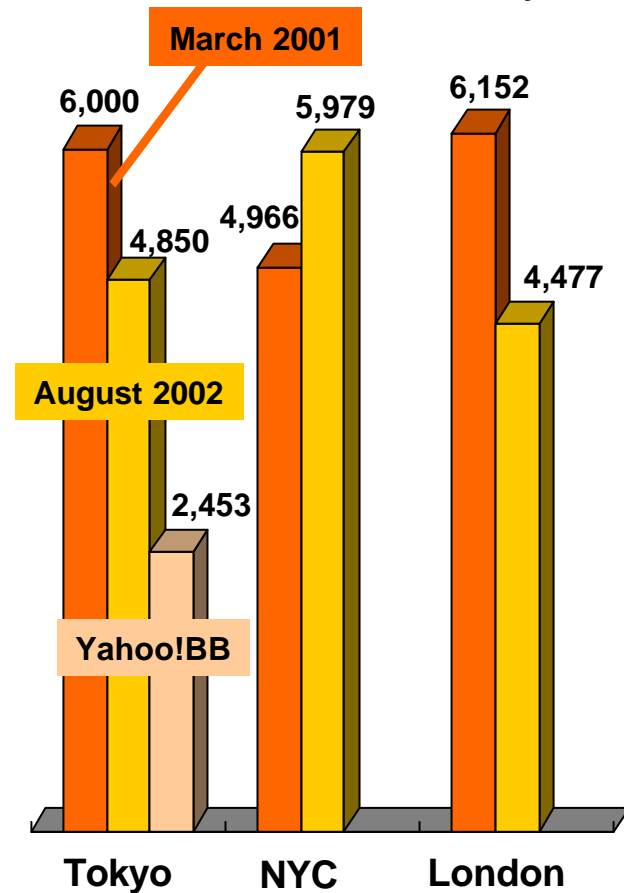
(2002/9)

FTTH

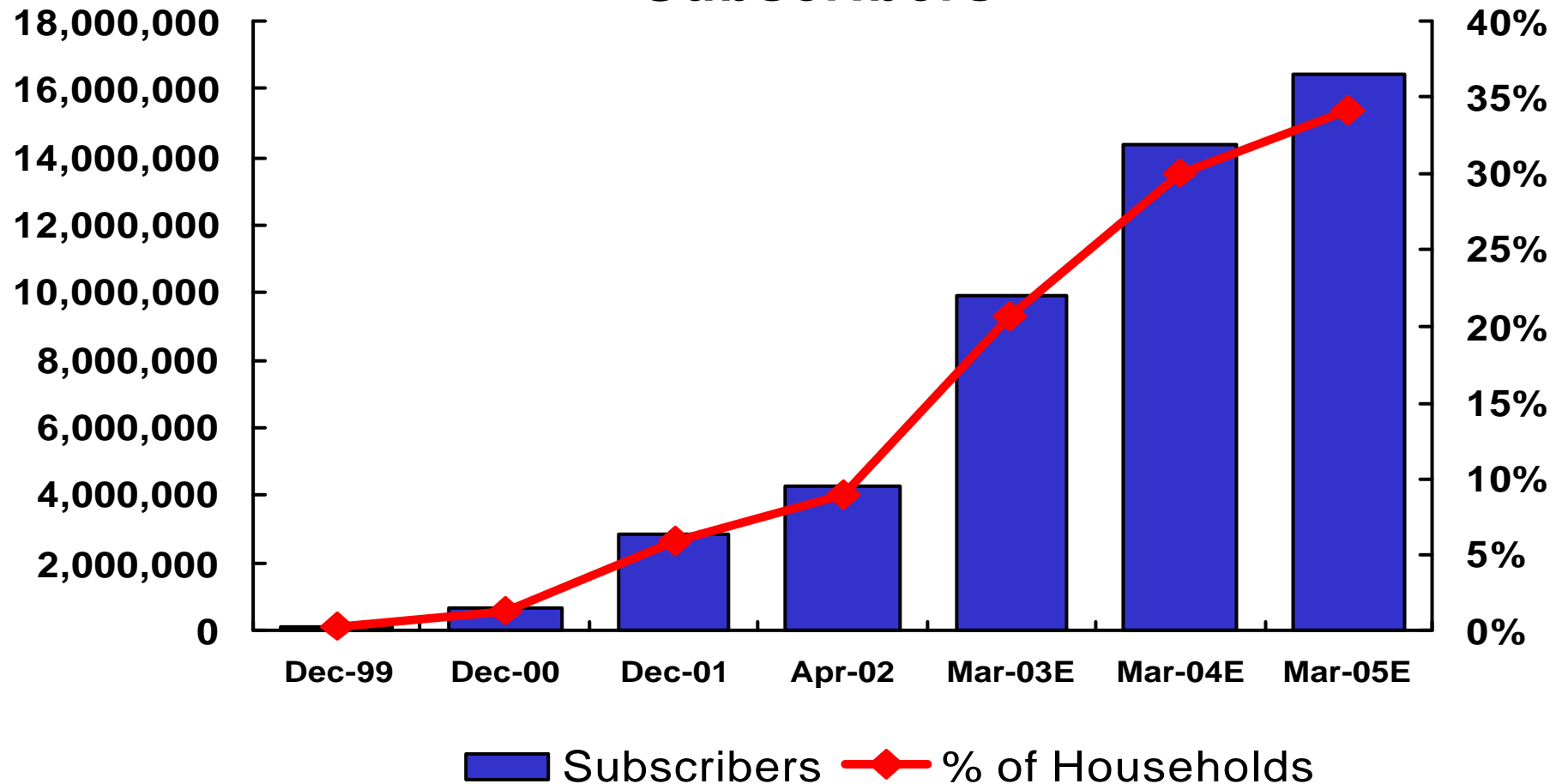
114,608 subscriber
(2002/9)

Pricing (DSL)

Yen or Yen equivalent
Monthly Fee



Projected Japanese Broadband Subscribers



IIJ Content Delivery Network (CDN)

